RESEARCH HIGHLIGHT

May 2013

Socio-economic Series 13-004

Building Families' Futures and Opportunities Through Habitat Homeownership

INTRODUCTION

This *Research Highlight* summarizes the results of a 2012 Canada-wide survey of families who purchased a home through *Habitat* for *Humanity Canada* (hereafter *Habitat*). The CMHC research study built on a previous small-sample survey that demonstrated benefits to *Habitat* homebuyers and sought to provide information for assessing the impacts of homebuying with *Habitat* across Canada. It examines the outcomes for *Habitat* homebuyers, including social, financial and other outcomes.

Background on Habitat for Humanity Canada: Since it was formed in 1985, *Habitat* has grown to 69 affiliates across Canada and has enabled over 2,200 low- and moderate-income families to purchase a home. Of these, over 1,400 families have purchased their homes through *Habitat* affiliates since 2000.

Habitat homes are built with contributions of donated building materials and goods and volunteer labour from businesses, community organizations and individuals, along with donations/funds from individual and corporate donors. *Habitat* homebuyers also contribute 500 hours of sweat equity toward the purchase of their home. Homebuyers are provided with affordable, interest-free loans with no down payment, for which monthly payments are based on approximately 25% to 30% of gross monthly household income (varies by affiliate/region). Family selection criteria include housing need, ability to pay a mortgage and willingness to partner with *Habitat*. Affiliates provide training, information and support services to prepare successful applicants for homeownership (more detailed information on *Habitat for Humanity* can be found at www.habitat.ca).

METHODOLOGY

The 2012 national survey of *Habitat* homebuyers was developed by CMHC, with assistance from *Habitat*, and was distributed directly to homebuyers by *Habitat* affiliates.

The survey was distributed to 977 *Habitat* homebuyers by 42 participating *Habitat* affiliates across Canada. The survey package included prepaid return envelopes to enable homebuyers to mail their responses directly to SPR Associates, CMHC's consultant, for analysis. *Habitat* affiliates involved in the study also sent out reminders to homebuyers to complete the survey. For a variety of reasons, some affiliates chose not to participate in the survey. Even so, the 2012 survey was the largest Canada-wide survey of *Habitat* homebuyers ever conducted. Completed surveys were received from 326 *Habitat* households from all regions in Canada.[1]

The data represent the views of *Habitat* homebuyers surveyed and include both quantitative measures as well as comments from open-ended questions that were also analyzed.

Since the study was conducted at *one point in time*, with changes measured by "recall" data from homebuyers, the data did not allow for rigorous assessment of certain questions such as definitive attribution of changes (for example, employment) to the *Habitat* experience. However, homebuyers did provide insights as to which changes in their lives could be related to moving into their *Habitat* home.

[1] This represents a 33% response rate. Sample estimates are statistically reliable ±10%, 95 times out of 100.

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FINDINGS

Profile of *Habitat* homebuyers surveyed

The survey data show that *Habitat* homebuyers are predominantly working families with children, as summarized below:

- **Among the homebuyers surveyed, 80% were families with children living at home.** The balance included couples without children living at home, single individuals and households with other living arrangements. Nearly half (44%) were two-parent families, and 36% were one-parent families at the time of the survey.[2]
- **The *Habitat* homebuyers surveyed reported strong labour force attachment** before they moved into their *Habitat* home (90%) and at the time of the survey (84%), with the difference related to an increase in retirees and students. The major change identified was an increase in labour force participation among spouses/partners at the time of the survey (25%), as compared to when they purchased their *Habitat* home (15%).
- **High labour force participation rates were coupled with substantial labour force mobility.** About half of the *Habitat* homebuyers reported that they had started a new job, been laid off, gone on and off Employment Insurance, or found new employment; 17.1% reported having returned to school, and 21.5% reported that they had upgraded their job skills or started to learn a new trade. More than 25% indicated that they planned to undertake skills/trade upgrading within the next five years.

These data demonstrate sustained labour force attachment, increased spouse/partner employment, and development of new job skills among *Habitat* homebuyers. Further research would be required to determine to what extent these trends could be related to buying a *Habitat* home.

Changes in housing and neighbourhood

Assessments of previous housing: The majority of *Habitat* homebuyers reported that they had previously lived in rental housing, with many indicating that their prior housing required major repairs, was overcrowded and/or was too costly. Thus, moving into new, standard quality *Habitat* homes had immediate positive impacts for homebuyers in terms of improved housing and overall living conditions:

- **About 70% of the *Habitat* homebuyers reported that they had previously lived in private rental housing,** and a total of nearly 27% noted that they had resided in subsidized or social housing or rent-geared-to-income units before moving to their *Habitat* home.
- **Among the homebuyers surveyed, 39% reported that their previous housing was in need of major repairs—36% noting overcrowding and 41% citing that their previous housing was too costly.** The survey data did not allow the researchers to determine the proportion of *Habitat* households in core housing need.[3]
- **Homebuyers' comments highlighted their previous poor quality, unhealthy and crowded living conditions.** The homebuyers also noted the positive impacts for their families of obtaining good quality housing. In addition, they commented on the importance of the security, stability and sense of control that comes with homeownership.

Assessments of the 'new' neighbourhood: Homebuyers generally reported that the neighbourhood conditions were better in their *Habitat* home. The vast majority of the homebuyers surveyed rated their new *Habitat* neighbourhood as safer, better for children, friendlier and more convenient than where they had lived previously (see figure 1).

The survey data show strong positive improvements in housing and neighbourhood conditions for a large majority of *Habitat* homebuyers and their families. This impact is directly related to the move to more acceptable, higher quality housing.

Changes in family and child participation and overall well-being

The survey also examined other changes that *Habitat* families had experienced and found strong positive improvements in children's well-being, as noted below:

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[2] The survey did not examine changes in family composition since moving into a *Habitat* home.

[3] For a definition of core housing need, see *Canadian Housing Observer* at www.cmhc.ca.

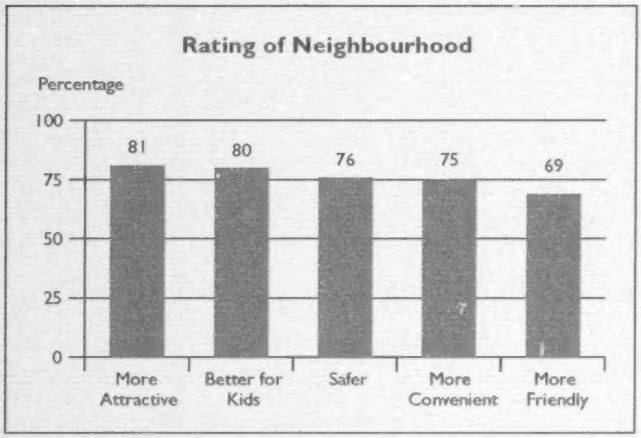

Figure 1 Homebuyers' Assessments of their *Habitat* Neighbourhood (shows ratings of degree of improvement on a 0-100 scale, where 100 = full achievement of the positive anchor of the scale, for example, "safer," "better for kids," etc.)

- **Homebuyers' ratings indicated across-the-board improvements in children's well-being and school performance,** with a majority reporting increased confidence, improved behaviour, higher grades, increased enjoyment of school and better attendance (see figure 2). Homebuyers' comments suggest that living in stable housing with more room for children to study is one contributing factor.
- **Children also increased their participation in activities outside school,** including sports (increased from 50% to nearly 61%), music and arts (increased from nearly 18% to 30%), and volunteering (increased from 29% to 45%).

  While about half of *Habitat* families had children participating in activities before moving into their *Habitat* home, this had increased to 68% at the time of the survey.

Family social participation across a range of indicators was fairly stable, with about 70% of the homebuyers reporting involvement in various forms of activities before moving into their *Habitat* home and at the time of the survey:

- **Family participation in volunteering increased from 52% to nearly 61%.** This included additional volunteer hours related to involvement with *Habitat* activities.
- **Family participation in school councils declined, from about 18% to 11%.** This may be related to the age of children at the time of the survey and reduced parent involvement in secondary schools than in elementary schools.

A major finding from the survey was the improvement in children's school performance and well-being since moving into their *Habitat* home. To the extent that these improvements would not have occurred without moving into a *Habitat* home, this outcome would represent a major and long-term social benefit from the new *Habitat* housing.

Impacts on health

More than three-quarters (78%) of the *Habitat* homebuyers surveyed rated their own health and the health of their families as 'better now' than in their previous housing.

Over 70% of the homebuyers reported improvements on a range of indicators (such as reduced colds and flu, allergies, asthma symptoms and stress). Thirty-one per cent reported less frequent visits to the doctor, and about 25% reported fewer days of work missed because of illness.

With improvements in housing quality and less overcrowding, as noted above, improvements in the actual or perceived health of household members may be related to living in better housing. Some homebuyers also commented that their previous housing had issues with mold, humidity and poor heating systems. Research has shown that these factors

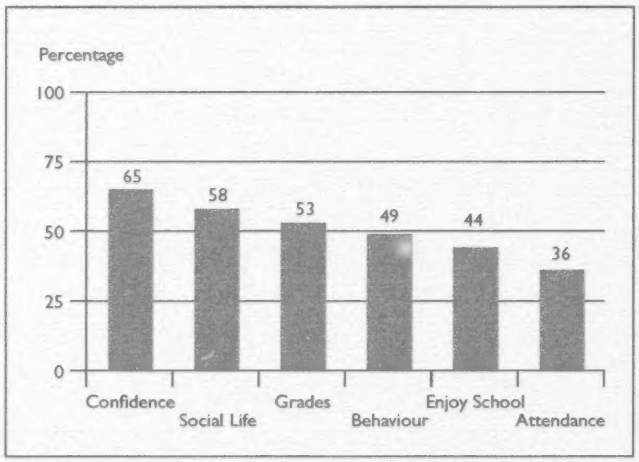

Figure 2 Improvements in Child School Performance and Well-Being

contribute to specific health problems. Therefore, some of the health outcomes reported are likely related to the better condition of the *Habitat* homes; however, more research would be required to directly attribute positive health outcomes to *Habitat* housing.

Financial impacts and benefits of buying a *Habitat* home

Monthly mortgage payments for *Habitat* homes are based on approximately 25% to 30% of gross household income (varies by affiliate/region). This payment scheme allows for other homeownership costs (such as maintenance and taxes), thus being within the 30% shelter cost-to-income ratio typically used as a benchmark for indicating housing affordability.

Results from the survey indicate some positive financial impacts in terms of homebuyers being better off and building equity in their *Habitat* home:

- **Among the *Habitat* homebuyers surveyed, 58% reported that they were better off financially** now than before they moved into their *Habitat* home, with 29.5% noting 'about the same' and 12.5% indicating that they were 'worse off.'
- **Nearly half (45%) indicated that they had more financial control** over monthly expenses now than before purchasing their *Habitat* home. Several homebuyers commented that they no longer faced the unpredictable rent increases that they had experienced when living in private rental units.
- **Over two-thirds noted that their housing costs had increased** compared to their previous housing: 37% noted that costs had gone up 'a lot' and 34% indicated that costs had increased 'a little.' About 18% noted that costs were lower for their *Habitat* home.
- **Of the *Habitat* homebuyers, 62.5% reported that they were building equity** in their homes, and a clear majority identified this as a major benefit of the *Habitat* home.

The survey assessed both the benefits and disadvantages of buying a *Habitat* home. The vast majority identified various benefits. A smaller percentage identified some disadvantages related to increased responsibilities. Over half indicated that they did not perceive any disadvantages of *Habitat* homeownership:

- **Top-ranked benefits** included 'ability to make it your own,' a sense of stability and having a home in better condition (reported by 80% or more of *Habitat* homebuyers). Being able to build equity, having more room and having a backyard were also seen as benefits by over two-thirds of the *Habitat* homebuyers.
- **The top-ranked disadvantage**—'responsibility for maintenance'—was selected by 28% of the homebuyers, while 19% indicated that 'responsibility for property taxes and insurance' was a disadvantage.

These data suggest that homebuyers perceive more benefits than disadvantages in becoming a *Habitat* homeowner, even though their housing costs may have increased. More detailed data would be required on shelter costs and incomes to fully assess impacts on housing affordability over time.

Assessment of support from *Habitat* and of the *Habitat* experience

Survey data show that training and support from *Habitat* was highly valued by *Habitat* homebuyers. Indeed, over 80% of the *Habitat* homebuyers surveyed rated the help they received as being 'very useful' in preparing them for the responsibilities of homeownership. In addition, 86% indicated that they would recommend *Habitat* to family and friends.

Overall, homebuyers reported positive assessments of their *Habitat* experience and its impacts (see figure 3):

- **Among the *Habitat* homebuyers surveyed, 86% reported that they were happier since moving into their *Habitat* home** (only 10% noted that they were 'the same' in terms of overall happiness, while 4% indicated that they were 'less happy').
- **A proportion of 89% indicated that their family life had improved**—6% indicated 'about the same' and 4% indicated 'worse.'
- **Many noted the value of becoming involved in a wider supportive community** and building networks with other *Habitat* homebuyers.

These data reflect positive experiences of the large majority of the *Habitat* homebuyers surveyed as well as broader positive benefits in terms of community building.

Overall assessments: The survey results reflect a range of positive changes for the vast majority of *Habitat* homebuyers since moving into their home, including major improvements in housing conditions, child well-being and school performance, health, and personal and family life. Although housing costs were reported to have increased for two-thirds of those surveyed, more than half felt that they were still better off financially. Over 80% identified the major benefits as having a home that they could call their own, a sense of stability and overall better living conditions. Less than half identified any disadvantages to owning a *Habitat* home, with the responsibility for maintenance being the most frequently cited disadvantage. Assistance from *Habitat* affiliates was highly rated, and a large majority (86%) would recommend *Habitat* to family and friend (see figure 3).

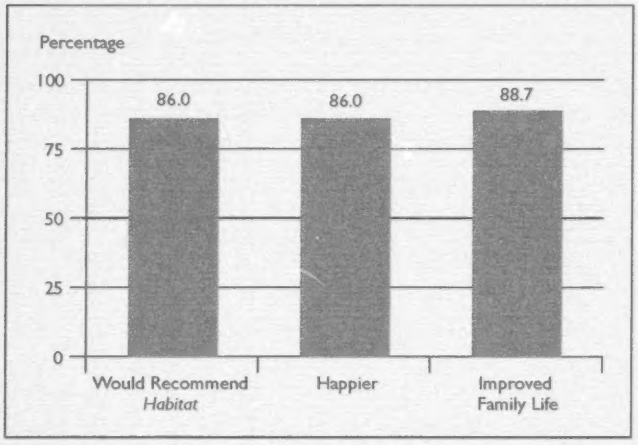

Figure 3 Homebuyers' Overall Assessments

Improvements in housing conditions and the ability of lower- and moderate-income families to afford to buy a home are two clear outcomes related to *Habitat* homebuying. However, a key question in this study was the extent to which other positive changes resulted from moving into *Habitat* housing. More than half of the survey respondents (63%) noted that all or most of the changes were attributable to buying their *Habitat* home, while 22% indicated that some of changes were due to their *Habitat* home. The remaining 15% reported that changes in their lives were not a result of purchasing their *Habitat* home.

SUMMARY

The vast majority of the homebuyers surveyed rated their new *Habitat* neighbourhood as safer, better for children, friendlier and more convenient than where they had lived previously.

A major finding from the survey was the improvement in children's school performance and well-being since moving into their *Habitat* home. To the extent that these improvements would not have occurred without moving into a *Habitat* home, this outcome would represent a major and long-term social benefit from the new *Habitat* housing.

Improved health was reported by more than three-quarters of the homebuyers surveyed, including improvements in their own health and the health of family members.

Broad positive impacts of the new *Habitat* home were noted, with 86% of the *Habitat* homebuyers indicating they were happier in their new housing and 89% indicating that their family life had improved.

The majority of the *Habitat* homebuyers surveyed perceived that the positive outcomes for themselves and their families were linked to their purchasing a *Habitat* home.

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Housing Research at CMHC

Under Part IX of the ***National Housing Act***, the Government of Canada provides funds to CMHC to conduct research into the social, economic and technical aspects of housing and related fields, and to undertake the publishing and distribution of the results of this research.

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